

## Message Text

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ACTION SS-25

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C O N F I D E N T I A L ROME 14689

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E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY), ENRG, IT

SUBJECT: POSSIBLE APPROACH TO SECRETARY ON ITALIAN NUCLEAR REACTOR PROGRAM

REF: ROME 14621

1. SUMMARY. WE ARE LED TO EXPECT THAT PRESIDENT LEONE WILL ARRANGE FOR ANGELINI, PRESIDENT STATE ELECTRICAL COMPANY, TO APPROACH THE SECRETARY DURING HIS NOVEMBER 4-5 VISIT TO ROME TO ASK FOR US FINANCIAL ASSISTANCE FOR AMBITIOUS ITALIAN NUCLEAR ENERGY PROGRAM. ON POLITICAL AS WELL AS ECONOMIC GROUNDS, WE STRONGLY RECOMMEND POSITIVE US RESPONSE. SUGGEST POSSIBLE LINKAGE WITH ITALIAN RATIFICATION OF NPT, AND REQUEST GUIDANCE. END SUMMARY.

2. AS REPORTED IN REFTTEL, PRESIDENT OF ITALIAN STATE ELECTRICAL COMPANY ENEL APPROACHED DCM AND ECON-COMML MINISTER OCT 22 TO ASK FOR SUPPORT FOR ITALY'S PROGRAM OF CONVERTING ITS ELECTRICAL GENERATING CAPACITY TO NUCLEAR POWER. WHILE WE HAD EXPECTED HIM TO BRING UP THE POSSIBILITY OF A PERSONAL APPROACH TO SECRETARY KISSINGER DURING THE SECRETARY'S NOVEMBER 4-5 VISIT, DURING CONVERSATION ANGELINI DID NOT FEEL FREE TO DO SO. HE LATER CONVEYED REQUEST THROUGH SCIENCE ATTACHE.

3. FOR BACKGROUND, ANGELINI SPOKE BRIEFLY TO PRESIDENT FORD DURING THE WORLD ENERGY CONFERENCE IN DETROIT IN SEPTEMBER. ACCORDING TO ANGELINI, PRESIDENT FORD SUGGESTED THAT ANGELINI DISCUSS THE ITALIAN NUCLEAR PROGRAM WITH SECRETARY KISSINGER. WE ALSO  
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UNDERSTAND FROM ITALIAN SOURCES THAT THE SUBJECT AROSE DURING

PRESIDENT LEONE'S VISIT AND THAT IT WAS SUGGESTED THAT ANGELINI BE IN TOUCH WITH THE SECRETARY OR WITH HIS PRINCIPAL ADVISER ON NUCLEAR MATTERS.

4. ANGELINI IS WELL KNOWN TO US AND WE HAVE LONG HAD FREQUENT AND EASY ACCESS TO HIM. HE IS A HIGHLY INTELLIGENT TECHNICIAN WITH AN EXCELLENT REPUTATION FOR PERSONAL HONESTY AND BUSINESS EFFICIENCY. SINCE HE MOVED UP FROM DIRECTOR GENERAL TO PRESIDENT OF ENEL LAST YEAR, HE HAS BEEN SEEKING BY PUBLIC SPEECHES AND PARTICIPATION IN DEBATES AND SEMINARS TO DRIVE HOME TO THE ITALIAN PUBLIC AND TO THE POLITICAL CLASS THE URGENT NECESSITY FOR MOVING FORWARD WITH A SUSTAINED AND RATIONAL PROGRAM TO EXPAND ELECTRICAL OUTPUT FOR INDUSTRIAL PURPOSES AND TO SHIFT FROM PETROLEUM TO NUCLEAR POWERED GENERATORS. ANGELINI IS CLOSE TO PRESIDENT LEONE BUT IS OTHERWISE NOT ACTIVE POLITICALLY.

5. WE HAVE RECEIVED NO REQUEST FROM THE GOI FOR AN APPOINTMENT FOR ANGELINI, A SITUATION WHICH IS NOT SURPRISING IN VIEW OF THE DIFFICULTIES WHICH GOI IS EXPERIENCING IN VIEW OF THE GOVERNMENT CRISIS. WE UNDERSTAND THAT PRESIDENT LEONE IS MAKING SURE THAT A MEETING WILL TAKE PLACE EITHER THROUGH AN APPOINTMENT OR THROUGH ANGELINI'S INCLUSION AT EITHER THE SECRETARY'S DINNER AT THE QUIRINALE OR THE LUNCHEON (UNDER CONSIDERATION BUT STILL NOT FIRM) FOR THE FOLLOWING DAY.

6. OUR OCTOBER 22 CONVERSATION WITH ANGELINI (REFTEL) CENTERED LARGELY ON EXPORT IMPORT BANK FINANCING. WE WOULD EXPECT THAT ANGELINI WILL TRY TO DEVELOP THE POLITICAL ASPECT OF ITALY'S NUCLEAR ENERGY PROGRAM PERHAPS ALONG THE FOLLOWING LINES: (A) WITH SOME NATURAL GAS AND VIRTUALLY NO OTHER FOSSIL FUELS, ITALY IS UNIQUELY AND DANGEROUSLY EXPOSED TO FLUCTUATIONS BOTH IN PRICE AND AVAILABILITY OF IMPORTED FOSSIL FUELS. (B) WHILE LIMITED SHORT TERM ENERGY CONSERVATION PROGRAMS ARE POSSIBLE, IN THE LONGER TERM THE ONLY WAY IN WHICH ITALY CAN REDUCE ITS RELATIVE DEPENDENCE IS BY GOING NUCLEAR IN THE ELECTRICAL GENERATING FIELD. (C) NUCLEAR PLANTS OPERATING, UNDER CONSTRUCTION AND ORDERED ARE ALL OF US DESIGN AND CARRY A SUBSTANTIAL FOREIGN EXCHANGE BENEFIT FOR U.S. ITALY FINDS, HOWEVER, AT A TIME WHEN FOR STRATEGIC REASONS IT MUST ACCELERATE ITS NUCLEAR PROGRAM, BOTH THE TERMS AND THE AVAILABILITY OF US FINANCIAL PARTICIPATION ARE BEING RESTRICTED. (COM  
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MENT:

WE DOUBT THAT ANGELINI WOULD BE SO UNGENTLEMANLY AS TO POINT OUT THAT UNAVAILABILITY OF US FINANCE COULD PUSH ITALY INTO THE ARMS OF OTHER SUPPLIERS INCLUDING IN THE LAST INSTANCE THE SOVIET UNION. HOWEVER, AVAILABILITY OF FINANCE WILL TO A LARGE EXTENT DETERMINE THE EXECUTION OF ITALY'S PROGRAM, SO THE ITALIANS WILL BE FACED, IN THE ABSENCE OF AMERICAN COOPERATION, WITH EITHER SEVERELY CURTAILING THEIR PROGRAM OR TURNING TO OTHER SOURCES OF FINANCE. END

COMMENT.) (D) THE AGREEMENT ON AN INTERNATIONAL ENERGY PROGRAM, WHICH IS DUE TO ENTER INTO FORCE IN NOVEMBER, CONTAINS SPECIFIC PROVISIONS IN CHAPTER IV REGARDING LONG TERM COOPERATION IN ENERGY AND IN PARTICULAR IN ARTICLE 42 ON COOPERATIVE ACTION IN DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY SUCH AS NUCLEAR ENERGY.

7. IN REFTEL, WE RECOMMENDED POSITIVE USG REACTION TO ANGELINI'S APPROACH AND PROPOSED AS FIRST STEP TALKS BETWEEN EXIM AND ITALIANS. ON FURTHER REFLECTION WE CAN IMAGINE A SITUATION IN WHICH, IN EXCHANGE FOR MUTUALLY BENEFICIAL PROGRAM OF COOPERATION--WHICH WILL REQUIRE SPECIAL EFFORT BY US TO ACCOMMODATE ITALIAN FINANCIAL NEEDS--US MIGHT ALSO BE ABLE TO OBTAIN ITALIAN RATIFICATION OF NPT THROUGH PROCESS SET IN MOTION BY PRESIDENT LEONE. THIS APPROACH SEEMS PROMISING TO US SINCE NPT RATIFICATION IS TO A DEGREE RELATED TO COOPERATION IN NUCLEAR POWER DEVELOPMENT AND WE EXPECT THAT GOI SHOULD NOT HAVE TOO MUCH TROUBLE IN DELIVERING. WE WILL WANT GUIDANCE PRIOR TO TAKING ANY INITIATIVES ON THIS MATTER. VOLPE

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